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its development. "Unquestionably the material and moral circumstances of early New England—a plain people struggling for existence in a poor wilderness—were not favorable to any development of the art side of nature. Their lives were to the last degree matter of fact, realistic, hard." Is this the kind of soil from which "the poem, the essay, the work of fancy and fiction" naturally spring?

This little book will serve an excellent purpose in calling attention to the "personal equation" of which the student must take account in examining the work of the earlier Massachusetts historians. It is an excellent antidote for "filio-pietism." Yet throughout there is apparent the spirit of the advocate rather than of the historian. The argument of the book seems to be keyed up to analogies and characterizations which are far more striking than just. Had Massachusetts history been written only as it is here outlined, there would be hardly less need for iconoclastic historians than Mr. Adams finds to-day.

GEORGE H. HAYNES.

The Distribution of Wealth. By JOHN R. COMMONS. Pp. 258. New York and London: Macmillan & Co. 1893.

It is difficult to see why this book should be called the "Distribution" of wealth any more than its production or consumption. It is in fact a succinct treatise on the general principles of political economy and would deserve to be so called much more than do most works that bear this title, since these usually quite neglect the "political" aspect. On the contrary it is the special merit of this work that it gives full prominence to this important side of the subject. Instead of treating industry as something wholly self-regulating, it shows that the laws of trade constantly operate under the overshadowing power of law and the State. "There are in society two lines of economic activity, the voluntary activity of individuals and associations, and the compulsory activity of government. The first is the field of free competition and self-interest; the one hitherto solely treated by the English economists. The second is the field of coercion—of force." He does not mince this aspect of the case simply because the idea of coercion is somewhat distasteful to those who boast of being freemen, but shows that, however mildly and imperceptibly law may operate, it is at bottom coercive; not only so, but the natural economic activities of society could not go on unless this forcible arm of the law were constantly stretched out to protect them. Those whose habit it is to inveigh against the action of government are the very ones who owe most to it, because they are the holders of franchises which the law protects them in.

Professor Commons' economic discussions, though technical, are broad, and will be appreciated by professional economists, but not, I fear, by the general reader. They display great learning and an intimate acquaintance with the latest and best authorities. He throws a new light upon the land question by showing that the fundamental idea of land in production and distribution is that of furnishing room and situation. The prime requisite to all business is opportunity, and a place to operate is the first and most essential opportunity. Elaborating this idea, he goes on to show that this is the central truth involved in monopoly. Monopoly is simply exceptional opportunity. It frequently becomes exclusive, and may thus amount to a menace to society. At the same time monopolies are, to use the author's own words, "the greatest economic inventions the world has ever known."

Very important in connection with the influence of the State is his treatment of rights, and it is specially to be noticed that among these he includes the right of the laborer to employment. His view is that the notion of rights is capable of expansion, and new conditions of society give rise to new rights. Formerly the laborer had the right to be fed and clothed. Events have taken this away, and unless his right to employment is recognized he becomes far worse than a slave.

Relative to the economic meaning of taxation the view is presented that it simply represents the State's share in the joint ownership of all property. To ascertain that share it is only necessary to capitalize the taxes, and the real value of the property is its market value plus that sum. Professor Commons recognizes the social or prohibitive element in certain forms of taxation. "Taxes are levied for other purposes besides the service of government. They are often levied to protect or discourage certain industries or practices; also to affect the distribution of wealth, either to centralize it, as in the middle ages, or to diffuse it, as in modern democratic communities." However liable this may be to abuse, it is still the most important principle of political economy, since it is scientific legislation in the true sense of directing the forces of society into channels of social advantage.

The discussion of the law of diminishing returns occupies more than half the book and is an exhaustive analysis of the subject. The errors and oversights of previous writers are pointed out, and it is shown why their theoretical conclusions have so often been at variance with the facts. It is upon this law that Malthusianism primarily rests, and the historical refutation of Malthusianism demanded a thorough reëxamination of its basis. Professor Commons has done this and discovered that of the four possible standpoints from which the law of diminishing returns may and should be viewed there is only one that has been

adequately recognized by political economists. These four standpoints are as follows:

"1. The capital and labor of an entire industry throughout a long period of industrial development.

"2. The capital and labor of an entire industry at a given stage in the development of skill and knowledge.

"3. The capital and labor of a single enterprise at a given stage of industrial progress, without reference to the area of ground occupied.

"4. The capital and labor invested on a given area of ground."

It is only the last of these four points of view that is habitually taken, while the almost universal fact of the rapid development, change and progress in the knowledge, skill, method and nature of industrial life and activity is practically ignored. This has been largely due to the conservative tendency to cling to agriculture as the chief source of illustration. While, as the author shows, there has been great progress in agriculture and is likely to be still more rapid development here as science comes more and more to be applied to it, it is chiefly in the mechanical arts that the most important advances have thus far been made, so that while the principle is the same the difference of degree is so great as to require the application of a different set of canons to manufactures from those that can be applied to agriculture. "Therefore," he says, "looking at it from the standpoint of the capital and labor invested in a single enterprise, and having in view questions of production and not of distribution, we are justified in saying that in agriculture the law of diminishing returns prevails, but in manufactures the law is one of increasing returns."

Professor Commons' analysis of profits is especially enlightening. He divides them into three classes: Necessary profits, personal or temporary profits, and permanent or monopoly profits. It is the first two of these classes that have been in the minds of most writers thus far, while the third has chiefly escaped notice. It is this, however, that he shows to be the chief source of colossal fortunes. It belongs peculiarly to the modern forms of industry, and was little known in earlier periods. Again, conservatism and the too strict following of the old classics without noting that *tempora mutantur* have thrown the economic world off the safe track of discussion and out of harmony with fact. This subject is carefully considered and illustrated by numerous diagrams. It cannot be too strongly commended to the reader. Only some of the general results can be mentioned here. After pointing out the great changes that have taken place in the industrial world he says: "The heads of industries are no longer the independent Napoleons of finance; they find their sphere as high-salaried managers and legal advisers, while the successors of the

entrepreneurs proper, the original organizers and promoters of enterprises, are simply the commonplace, idle recipients of permanent profits and the mildly fluctuating temporary profits." The keynote is struck when he says that "the so-called conflict between capital and labor is at bottom a conflict between capital and labor on the one hand, and the owners of opportunities on the other." And he further says: "A wise public policy will encourage to the utmost the development and rewards of personal abilities in the organizers and promoters of business. But the case becomes entirely different when temporary profits have become transformed into permanent monopolies. Now instead of the profits being due to the powerful exertions and abilities of the captains of industry, they are due to certain fixed social relations and rights. The recipients of these incomes may with perfect security become idlers and drones. They abdicate their functions as entrepreneurs into the hands of salaried chiefs and advisers. They are no longer performing the services to society which were performed by their ancestors or predecessors, who organized and developed the business to which they have succeeded."

His recommendations with regard to the proper policy for society to pursue in view of the condition of things into which it is drifting should also have weight with those who are influential in public affairs. "All new economies, new inventions, widening of markets, should be encouraged; and the new profits arising therefrom should go wholly to these marginal entrepreneurs as the reward of their enterprise. But society might care for the permanent profits in entirely different ways without injury to industry. It might appropriate them through taxation, as, for example, taxes on land values, franchises and inheritances, but in any case sufficient margin should be allowed for the wide play and scope of the pure entrepreneur's profits. . . . Tax reform should seek to remove all burdens from capital and labor and impose them on monopolies. Public policy should leave capital and labor and business ability free and untrammelled, but endeavor to widen and enlarge the opportunities for their employment."

As already remarked, this work does not deal exclusively with distribution, but is much wider in its scope. It is calculated rather to prepare the way for one that shall be thus limited. It is to be hoped that the author contemplates such a work. He has shown himself peculiarly adapted to perform this service. His admirable candor and straightforwardness coupled with the ability to treat the subject in a scientific way, and especially the courage to utter the conclusions which logic dictates, point to him as the person upon whom this duty naturally devolves. He admits in this work that, as a few other

writers have maintained, there is in this age of science, invention and machinery scarcely any other limit to the power of man to produce wealth than the simple inability of the consumer to obtain it, while no one can deny that vastly more is wanted, nay, needed, than is produced. The spectacle of thousands out of, and seeking, employment is the sufficient answer to the pretension that the world is unwilling to make the effort to supply its wants. The impression widely prevails that through some defect in the social machinery the production of wealth is unduly limited, that the product, such as it is, is misdirected, and that most of the evils of society result from this. What is needed is that a cool, dispassionate, and at the same time scientific analysis of the whole problem be made and its real status be set forth. The problem itself seems to be none other than that of the distribution of wealth.

LESTER F. WARD.

Bankruptcy: A Study in Comparative Legislation. By S. WHITNEY DUNSCOMB, Jr., Ph. D. Pp. ix, 167. Columbia College Studies in History, Economics and Public Law. Vol. II. No. 2. New York, 1893.

This careful comparison of the written laws of Europe and the United States on the subject of bankruptcy is intended chiefly for students and legislators, though the practicing lawyer may consult it to advantage when the European law is in question. The general reflections and observations of the author are accurate and valuable.

There is, on the whole, a great resemblance in the laws of all the countries, arising from the necessities of the subject, without in many instances any borrowing by one code from another, excepting that some of the Latin countries follow the lead of France, somewhat as several of our States look to the initiative of New York in matters of legislation.

One of the most striking differences between all Continental countries on the one hand and England and the United States on the other, is that in the former bankruptcy is treated much more strictly as a fault, and even a crime; which has ceased to be the law in England, and never obtained in the United States. This severity is, we suppose, partly the cause and partly the effect of the social aspects of bankruptcy, which is considered a disgrace in the first-mentioned countries.

In several countries "simple bankruptcy" is punishable as a crime, and this is described by our author (pp. 19, 20) to be where the debtor has been "guilty of serious faults in the conduct of his business, not amounting, however, to actual fraud."